

WATER POLLUTION CONTROL TAX ABATEMENT PROCESS

**P.A. 451 of 1994,
As amended, Part 37**

Instructions for Applicants

Directions on the Michigan Government Treasury Website: Locating Property Tax Exemption Forms:

www.michigan.gov/treasury

Scroll down to the “Treasury Forms” box and click on:

Property Tax Forms

Property Tax – Abatement/Exemption *

*The entire Act 198 Industrial Facilities Tax Abatement Packet - Act 451, Sec. 37 Water Pollution Control Tax Abatement Packet - and the Act 451, Sec. 59 Air Pollution Control Tax Abatement Packet will be available on the Abatement/Exemption web page in June of 2004.

Directly to Forms:

Act 198 – IFT Application:	www.michigan.gov/documents/1012f_2637_7.pdf
Act 451 – Water Pollution:	www.michigan.gov/documents/891_fillable_62195_7.pdf
Act 451 – Air Pollution: **	www.michigan.gov/documents/3828f_2641_7.pdf
Act 146 – Obsolete Property:	www.michigan.gov/documents/3674f_2640_7.pdf
Act 328 – New Personal Property:	www.michigan.gov/documents/3427f_2639_7.pdf
Act 147 – Neighborhood Enterprise:	www.michigan.gov/documents/2704_44158_7.pdf
Act 198 – Tax Report Form 170:	www.michigan.gov/documents/Form170_82854_7.xls
IFT Supplemental Information:	www.michigan.gov/treasury/0,1607,7-121-1748_1876_1907-84835--,00.html

**** For assistance in completing the air pollution control tax exemption application please refer to the Department of Environmental Quality Tax Exemptions for Air Pollution Control Application Procedures and Guidance Document at the following web address.**

www.deq.state.mi.us/documents/DEQ-AQD-Tax_exemption_application_guidance_document.pdf

Application for Water Pollution Control Tax Exemption Certificate

General Information

Issued under authority of P.A. 451 of 1994, as amended. Filing is mandatory.

PART 1 SOURCE IDENTIFICATION. This section pertains to the facility where the water pollution control equipment is located.		
1. Company Name	2. County	
3. Address (Street, P.O. Box, RR#)	4. City, State, Zip	
5. Name of Taxing Authority <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village		
6. Describe the major process or processes of the pollution control equipment at the facility.		
7. Enter the total value of requested tax exemption. Indicate whether value is "Estimated" or "Final" by checking the appropriate box. (If cost is estimated, you must supply the final cost within 90 days of completion of construction.) <input type="checkbox"/> Estimated <input type="checkbox"/> Final		

PART 2: TECHNICAL CONTACT/PREPARER. Technical contact should be able to respond to technical questions concerning this application. Enter Preparer information, if different than Technical Contact.		
8. Technical Contact Name	Position/Title	
E-mail Address	Telephone Number	Fax Number
9. Preparer Name	Position/Title	
Company Name	Telephone Number	Fax Number
Company Mailing Address		

PART 3: COMPANY REPRESENTATIVE. Name and address for Tax Exemption response.		
10. Company Representative Name	Position/Title	
Mailing Address (Street or RR#, City, State, ZIP)		
E-mail Address	Telephone Number	Fax Number

I certify that all the information contained in this tax exemption application is true and correct to the best of my knowledge.

Signature of Company Representative		Date	
FOR OFFICE USE ONLY			
Application Number	Reviewed By	Date	LUCI Code

Application for Water Pollution Control Tax Exemption Certificate

Water Pollution Control Equipment Description

PART 4: GENERAL INFORMATION

11. Describe the water pollution control equipment, the operational procedure, how it will minimize or control water pollution, and any function the equipment serves. Include non-water pollution control uses.

12. Beginning Date of Construction

13. Projected/Completion Date of Construction

PART 5: EQUIPMENT AND COST DETAILS. For the equipment associated with the water pollution control that is claimed to be exempt, provide a description, total cost, and the portion of the total cost being claimed as exempt for each of the items listed. If an item does not exist, indicate "N/A." **The shaded area in items 14-15 (the Exemption Value) are for Office Use Only.**

14. Describe the water pollution control equipment. Provide plans, specifications and drawings showing position of equipment relative to outer shell of building.

Total Cost

Portion Claiming Tax Exempt

Exemption Value

15. Describe the ancillary equipment (foundations, enclosures, electrical equipment, wastewater storage, chemical treatment storage tanks, pumps, piping, instrumentation & sludge dewatering equipment, etc.)

Total Cost

Portion Claiming Tax Exempt

Exemption Value

16. Value of recovered product.

Total

17. Is equipment replacing an existing piece of equipment already having a tax exemption certificate? ☐ Yes ☐ No

If Yes, enter the Tax Exemption Certificate number _____

Instructions for Form 891, Application for Water Pollution Control Tax Exemption Certificate

GENERAL INSTRUCTIONS

One TE-SOURCE is **required** for each submittal; and **one** TE-EQUIPMENT is also required. Complete the number of forms appropriate for your situation. Multiple TE-Equipment forms may be filed under one application. **[IMPORTANT: Forms must be fully completed (www.michigan.gov). An incomplete application will be returned to the preparer unprocessed.]**

For full consideration in the year in which the material is submitted, a complete application must be received by **June 15**. Mail **THREE COPIES** of the the completed forms and any supplemental information to:

Michigan State Tax Commission
Department of Treasury
430 W. Allegan Street
Lansing, MI 48922
Telephone: 517-373-3272

LINE-BY-LINE INSTRUCTIONS

Lines not listed are explained on the form.

TE-SOURCE

The TE-SOURCE provides general information about the facility including contact person and preparer identification. Complete a TE-SOURCE for each submittal. If additional space is required to complete an answer, attach additional pages.

Part 1: Source Identification

This section pertains to the facility where the water pollution control equipment is located.

Part 2: Technical Contact/Preparer Information

Enter the name of the person who can respond to technical questions about the application. If the Preparer is different than Technical Contact Person, enter the Preparer information.

Part 3: Company Representative

The company representative should be an employee of the company that is seeking the tax exemption. The application response will be sent to the Company Representative. By signing and dating this application, the Company Representative authorizes the Michigan Department of Treasury to discuss this project with the technical contact person named in Part 2.

TE-EQUIPMENT

The TE-EQUIPMENT provides information about water pollution control equipment that may be eligible for tax exemptions. A **separate page** should be attached for each additional explanation. Each page must be identified as TE-Equipment.

Example: Items 11, 14 and 15 may require additional space for explanation.

Part 5: Equipment and Cost Details

Provide a description of the equipment associated with the water pollution control that is claimed to be exempt. Indicate "N/A" if the equipment is not applicable.

Consider incremental costs when providing the value to be considered for tax exemption. If a building is constructed solely for the purpose of protecting a water pollution control device, the entire cost of the building may be tax exempt. If, however, the size of the building is increased to allow for additional warehouse space, the entire cost of the building would not be tax exempt. (See Example 1.)

Line 16. Value of Recovered Product. Enter the commercial or productive value derived from any materials captured or recovered by the water pollution control equipment calculated on a yearly basis.

Example 1

A building is constructed to protect a water pollution control device and serve as a warehouse. To calculate the tax exempt portion, the applicant must determine the total cost of the building, less the cost of the portion of the building serving as a warehouse.

Total Cost of Building	\$100,000
Less Cost of Warehouse Portion	<u>(80,000)</u>
Tax Exempt Portion	\$20,000.



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JAY B. RISING
STATE TREASURER

AIR AND WATER POLLUTION CONTROL APPLICATION PROCESS

1. Applicants must submit one original signed and two copies of a completed application and attachments to the Michigan Department of Treasury, Bureau of Local Government Services, State Tax Commission. After review, Bureau staff will assign a number to the application and forward a copy to the Michigan Department of Environmental Quality (DEQ) and to the local unit officials within 30 days of receipt. Local unit officials may contact the Bureau with written objections to the application content at any time prior to issuance of the certificate.
2. Completed applications must be received by the Bureau no later than June 15th to ensure that they are processed and transmitted to DEQ no later than July 15th. In turn, DEQ will transmit to the Commission on or before November 1 its determination for all completed applications received by DEQ on or before July 15th. Due to the large volume of applications, and based on experience, these time lines will, in most cases, ensure processing of an application by tax status day.
3. DEQ will review the application within 30 days of the transmittal by the Bureau to determine if adequate information was provided. If the application is not complete, DEQ will contact the applicant and the Commission in writing or by e-mail. The applicant will need to provide any additional requested information to DEQ, the Commission, the local assessor, and the clerk within 30 days of the date of the DEQ request. If the applicant fails to respond to the DEQ request for additional information within the 30 days, the application will be considered withdrawn.
4. In respect to DEQ determinations transmitted to the Commission on or before November 1, the Commission will notify the applicant, local assessor, and clerk by certified mail of the determination and of the right to an opportunity for a hearing if requested within 21 days of the date of the certified notice. The Commission will not act on a DEQ determination until after a hearing is concluded, or if no hearing is requested, until after the expiration of the 21-day deadline to request a hearing.
5. Once approved, the Commission will issue a certificate and send the original via certified mail to the applicant and copies to the local assessor and clerk. The certificate's effective date is the date approved by the Commission and the property is first exempt in the following calendar year.
6. After a certificate is issued, the applicant and local unit, or both, will have 60 days from the date of the final certificate notice letter to appeal issuance of the certificate to the Circuit Court.
7. Without exception, DEQ determinations received after November 1 will be processed in the subsequent calendar year.

Please note: Time frames are based on calendar days, not business days.

If you have any questions regarding this process, please feel free to call (517) 373-3272. If you are unfamiliar with pollution control exemptions and would like more information, please contact our office to request an informational packet.



JOHN ENGLER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

DOUGLAS B. ROBERTS
STATE TREASURER

STATE TAX COMMISSION

POLICY STATEMENT

AIR AND WATER POLLUTION CONTROL FACILITIES

At a meeting of the State Tax Commission held on October 11, 1983, the State Tax Commission established the following policy.

The value to be exempt from property taxation as provided by Act 451, Public Acts of 1994, Part 59, as amended, for eligible air pollution control facilities shall be the cost of the facility entitled to exemption reduced by the gross annual commercial or productive value derived from any materials captured or recovered by the air pollution control facility.

The value to be exempt from property taxation as provided by Act 451, Public Acts of 1994, Part 37, as amended, for eligible water pollution control facilities shall be the cost of the facility entitled to exemption reduced by the gross annual commercial or productive value derived from any materials captured or recovered by the water pollution control facility.

NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT (EXCERPT)
Act 451 of 1994, PART 37

WATER POLLUTION CONTROL FACILITIES; TAX EXEMPTION

324.3701 Definitions.

Sec. 3701.

As used in this part:

- (a) “Facility” means any disposal system, including disposal wells, or any treatment works, appliance, equipment, machinery, or installation constructed, used, or placed in operation primarily for the purpose of reducing, controlling, or eliminating water pollution caused by industrial waste.
- (b) “Industrial waste” means any liquid, gaseous, or solid waste substance resulting from any process of industry, manufacture, trade, or business, or from the development, processing, or recovery of any paper or wood, which is capable of polluting the waters of the state.
- (c) “Treatment works” means any plant, pumping station, incinerator, or other works or reservoir used primarily for the purpose of treating, stabilizing, isolating, or holding industrial waste.
- (d) “Disposal system” means a system used primarily for disposing of or isolating industrial waste and includes pipelines or conduits, pumping stations and force mains, and all other constructions, devices, appurtenances, and facilities used for collecting or conducting water-borne industrial waste to a point of disposal, treatment, or isolation, except that which is necessary to the manufacture of products.

History: Add. 1995, Act 60, Imd. Eff. May 24, 1995 .

324.3702 Tax exemption certificate; application; filing; manner; form; notice; hearing.

Sec. 3702.

- (1) An application for a water pollution control tax exemption certificate shall be filed with the state tax commission in a manner and in a form as prescribed by the state tax commission. The application shall contain plans and specifications of the facility, including all materials incorporated or to be incorporated in the facility and a descriptive list of all equipment acquired or to be acquired by the applicant for the purpose of industrial waste pollution control, together with the proposed operating procedure for the control facility.
- (2) Before issuing a certificate, the state tax commission shall seek approval of the department and give notice in writing by certified mail to the department of treasury and to the assessor of the taxing unit in which the facility is located or to be located, and shall afford to the applicant and the assessor an opportunity for a hearing. Tax exemption granted under this part shall be reduced to the extent of any commercial or productive value derived from any materials captured or recovered by any facility.

History: Add. 1995, Act 60, Imd. Eff. May 24, 1995 .

**324.3703 Issuance of certificate; grounds; effective date.
Sec. 3703.**

If the department finds that the facility is designed and operated primarily for the control, capture, and removal of industrial waste from the water, and is suitable, reasonably adequate, and meets the intent and purposes of part 31, the department shall notify the state tax commission, which shall issue a certificate. The effective date of the certificate is the date on which the certificate is issued.

History: Add. 1995, Act 60, Imd. Eff. May 24, 1995 .

**324.3704 Exemption of facility from real and personal property taxes; exemption of certain tangible personal property from sales and use taxes; statement in certificate.
Sec. 3704.**

(1) For the period subsequent to the effective date of the certificate and continuing as long as the certificate is in force, a facility covered by the certificate is exempt from real and personal property taxes imposed under the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws.

(2) Tangible personal property purchased and installed as a component part of the facility shall be exempt from both of the following:

(a) Sales taxes imposed under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws.

(b) Use taxes imposed under the use tax act, Act No. 94 of the Public Acts of 1937, being sections 205.91 to 205.111 of the Michigan Compiled Laws.

(3) The certificate shall state the total acquisition cost of the facility entitled to exemption.

History: Add. 1995, Act 60, Imd. Eff. May 24, 1995 .

**324.3705 Tax exemption certificate; issuance; mailing to applicant, local tax assessors, and department of treasury; filing; notice of refusal of certificate.
Sec. 3705.**

The state tax commission shall send a water pollution control tax exemption certificate, when issued, by certified mail to the applicant, and certified copies by certified mail to the assessor of the taxing unit in which any property to which the certificate relates is located or to be located and to the department of treasury, which copies shall be filed of record in their offices. Notice of the state tax commission's refusal to issue a certificate shall be sent by certified mail to the applicant, to the department of treasury, and to the assessor.

History: Add. 1995, Act 60, Imd. Eff. May 24, 1995 .

324.3706 Tax exemption certificate; modification or revocation; grounds; notice and hearing; statute of limitations.

Sec. 3706.

(1) The state tax commission, on notice by certified mail to the applicant and opportunity for a hearing, on its own initiative or on complaint of the department, the department of treasury, or the assessor of the taxing unit in which any property to which the certificate relates is located, shall modify or revoke the certificate if any of the following appear:

(a) The certificate was obtained by fraud or misrepresentation.

(b) The holder of the certificate has failed substantially to proceed with the construction, reconstruction, installation, or acquisition of a facility or to operate the facility for the purpose and degree of control specified in the certification or an amended certificate.

(c) The facility covered by the certificate is no longer used for the primary purpose of pollution control and is being used for a different purpose.

(2) On the mailing by certified mail to the certificate holder, the department of treasury, and the local assessor of notice of the action of the state tax commission modifying or revoking a certificate, the certificates shall cease to be in force or shall remain in force only as modified. If a certificate is revoked because it was obtained by fraud or misrepresentation, all taxes that would have been payable if a certificate had not been issued are immediately due and payable with the maximum interest and penalties prescribed by applicable law. A statute of limitations shall not operate in the event of fraud or misrepresentation.

History: Add. 1995, Act 60, Imd. Eff. May 24, 1995 .

324.3707 Tax exemption certificate; appeal.

Sec. 3707.

A party aggrieved by the issuance, refusal to issue, revocation, or modification of a pollution control tax exemption certificate may appeal from the finding and order of the state tax commission in the manner and form and within the time provided by the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

History: Add. 1995, Act 60, Imd. Eff. May 24, 1995 .

324.3708 State tax commission; rules.

Sec. 3708.

The state tax commission may promulgate rules as it considers necessary for the administration of this part. These rules shall not abridge the authority of the department to determine whether or not industrial waste pollution control exists within the meaning of this part.

History: Add. 1995, Act 60, Imd. Eff. May 24, 1995 .

**Guide to Tax Exemption for Water Pollution Control Facilities
Under Part 37, Act 451 of 1994,
Natural Resources and Environmental Protection Act**

Part 37 (formerly Act 222, P.A. 1966, as amended) states that, “If the Department of Environmental Quality finds that the facility is designed and operated primarily for control, capture and removal of industrial waste from the water, and is suitable, reasonably adequate....they shall so notify the State Tax Commission, who shall issue a certificate.”

The following are types of facilities that would normally qualify for real and personal property, sales and use tax exemption status under Part 37 providing, upon review or inspection by the Department of Environmental Quality, they are found to be functioning adequately.

1. Industrial wastewater treatment or pretreatment installations and ancillary equipment such as wastewater Storage and chemical treatment storage tanks, pumps, piping, electrical, instrumentation and sludge dewatering equipment.
 - (a) Buildings housing the treatment installation including heating and lighting, foundations for equipment and catwalks or other access structures.
 - (b) Private roadways used exclusively to serve the treatment facility.
 - (c) Cost of items considered a part of the property value of the installations such as engineering or consultant fees and construction cost.
2. Waste disposal wells and monitoring wells.
3. Purge wells and treatment systems for industrially contaminated groundwater.
4. Incinerators or other technologies that effectively destroy hazardous industrial wastes that are potential water contaminants.
5. Landfill components that serve primarily for the purpose of reducing water pollution such as leachate collection systems.
6. Containment dikes, impervious flooring or other containment structures to retain spillage or leakage from chemical storage tanks or hazardous waste containers.
7. Industrial cooling water regeneration systems and wastewater recycle systems. Pumps and piping to the system would qualify, but not return pumps and piping back to the process.
8. Laboratories and lab equipment used in connection with industrial wastewater pollution control.

9. Agricultural facilities that have a primary purpose of water pollution control, such as animal waste storage facilities, pesticide and fertilizer storage facilities and certain land use changes such as green belts and filter strips that are installed and maintained to prevent water pollution.
10. Well casings and other measures that prevent losses to drinking water aquifers from production wells.

NOTE: Stormwater facilities normally do not qualify under the statute.

The amount of tax exemption is reduced by the yearly productive or commercial value derived from any material captured or recovered from the water pollution control facilities.

Applications for water pollution control tax exemption certificates, instructions and a copy of the statute can be obtained from

Michigan State Tax Commission
P.O. Box 30471
Lansing, MI 48909-7971
(517) 373-3272